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**14 DEFENDANTS INDICTED FOR ALLEGED ORGANIZED CRIME ACTIVITIES;
“CHICAGO OUTFIT” NAMED AS RICO ENTERPRISE IN FOUR-DECADE
CONSPIRACY ALLEGING 18 MOB MURDERS AND 1 ATTEMPTED MURDER**

Seven defendants allegedly committed or agreed to commit murders between 1970-1986

CHICAGO – Eighteen previously unsolved murders and one attempted murder – all between 1970 and 1986 in the Chicago area, except one slaying in Arizona – form the core of a racketeering conspiracy indictment spanning four decades that was unsealed today against 14 defendants. After a lengthy FBI-led investigation code-named *Operation Family Secrets*, FBI and IRS agents began arresting the defendants this morning in Illinois, Arizona and Florida. One defendant was found dead, apparently of natural causes, when agents went to arrest him this morning in Hampshire, Ill. The charges allege that the defendants, including two retired local law enforcement officers, are members of, or are in some manner associated with, “The Chicago Outfit,” a criminal enterprise also known as the “Chicago Syndicate,” and the “Chicago Mob.” Eleven of the defendants were charged with conspiracy, including to commit the murders and attempted murder, to further the Outfit’s illegal activities, such as loansharking and bookmaking, and to protect the enterprise from law enforcement. The nine-count indictment, which was returned by a federal grand jury last Thursday and unsealed today, was announced by Patrick J. Fitzgerald, United States Attorney for the Northern

District of Illinois; Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Byram Tichenor, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago.

“This unprecedented indictment puts a ‘hit’ on the Mob,” Mr. Fitzgerald said. “It is remarkable for both the breadth of the murders charged and for naming the entire Chicago Outfit as a criminal enterprise under the anti-racketeering law. It is a textbook example of the effective use of the RICO statute to prosecute an assortment of crimes spanning decades. After so many years, it lifts the veil of secrecy and exposes the violent underworld of organized crime.”

Mr. Grant said: “The charges announced today are a milestone event in the FBI’s battle against organized crime here in Chicago. While there have been many successful investigations during the past quarter-century resulting in the arrest and indictment of high-ranking members of the Chicago Outfit, never before have so many in lofty positions in the Chicago mob been charged in the same case. Additionally, the solving of 18 mob-related murders which is the stock and trade of the Chicago Outfit, is unprecedented in the history of the Northern District of Illinois.

“While these arrests will have a significant and long -term effect on the operations of the Outfit, it does not signal the end of their reign in Chicago. We will continue with our efforts to eradicate what has been one of the most prolific organized crime enterprises in the United States.”

Seven of the 11 defendants charged in the racketeering conspiracy count allegedly committed murder or agreed to commit murder on the Outfit’s behalf. All 11 defendants in that count allegedly engaged in such other illegal activities as collecting “street tax;” illegal gambling businesses involving sports bookmaking and video gambling machines; collecting debts incurred in the illegal gambling businesses; making usurious “juice loans;” using extortion, threats, violence and

intimidation to collect juice loan and other debts, obstructing justice; and traveling interstate to further the goals of the Outfit. The three defendants not charged in the racketeering conspiracy are charged in other counts of the indictment with illegal gambling and/or tax fraud conspiracy.

The following defendants were being arrested this morning in Illinois: **James Marcello**, 63, of Lombard; **Joseph Lombardo**, 75, of Chicago; **Michael Marcello**, 55, of Schaumburg; **Nicholas Ferriola**, 29, of Westchester; **Joseph Venezia**, 62, of Hillside; **Thomas Johnson**, 49, of Willow Springs; and his nephew, **Dennis Johnson**, 34, of Lombard. The deceased defendant, **Frank Saladino**, 59, of Hampshire and formerly of Freeport and Rockford, was discovered dead in a hotel room where he was living in Hampshire in Kane County; Another defendant, **Michael Ricci**, 75, of Streamwood, was expected to voluntarily surrender to the FBI. Those defendants in custody were expected to appear at 2 p.m. today before U.S. District Court Judge James Zagel in Chicago.

Two defendants, **Frank Schweih**, 75, of Dania, Fla., and formerly of Chicago, and **Anthony Doyle**, 60, of Wickenburg, Ariz., and formerly of Chicago, were being arrested in Florida and Arizona, respectively, and are expected to have court appearances today in Ft. Lauderdale and Phoenix.

Three defendants, **Nicholas W. Calabrese**, 62, of Chicago; his brother, **Frank Calabrese, Sr.**, 68, of Oak Brook; and **Paul Schiro**, 67, of Phoenix, were already in federal custody. They will appear on dates to be determined later in Federal Court in Chicago.

The 11 defendants charged with racketeering conspiracy (and any additional counts against each of them) are identified in the indictment as follows:

James Marcello, a member of the Melrose Park crew and a “made” member of the Outfit, who committed murder and other crimes on its behalf, and continued criminal activities while incarcerated through his brother, Michael Marcello and others; (one

count conducting an illegal gambling business, one count obstructing a criminal investigation and one count tax fraud conspiracy);

Joseph Lombardo, also known as “the Clown,” “Lumpy,” and “Lumbo,” a member of the Grand Avenue crew, who committed murder and other crimes on its behalf;

Frank Calabrese, Sr., a member of the South Side/26th Street crew and a “made” member of the Outfit, who committed murder and other crimes on its behalf, and continued criminal activities while incarcerated through Ferriola, Doyle, Ricci and others; (one count extortion and one count conducting an illegal gambling business);

Nicholas W. Calabrese, the brother of Frank Calabrese, Sr., who was also a member of the South Side/26th Street crew and a “made” member of the Outfit, and who committed murder and other crimes on its behalf;

Frank Schweihs, also known as “the German,” an enforcer for the Outfit, imposing and collecting “street tax” for himself and Outfit members, and making additional collections on behalf of the enterprise through the use of extortion, and who also agreed to commit murder on behalf of the Outfit; (one count extortion and one count extortionate collection of credit);

Frank Saladino, also known as “Gumba,” a member of the South Side/26th Street crew, who committed murder and other crimes on behalf of the Outfit;

Paul Schiro, also known as “the Indian,” a criminal associate of Schweih’s, deceased “made” member Anthony Spilotro, and deceased Outfit associate Joseph Hansen, who committed murder and other crimes on behalf of the Outfit;

Michael Marcello, also known as “Mickey,” the brother of James Marcello and a member of the Melrose Park crew, who assisted his brother’s participation in the Outfit while James Marcello was in jail by keeping his brother informed of the enterprises’ activities, delivering messages to associates of the enterprise, and carrying out illegal activities of the Outfit, including operating an illegal video gambling business; (one count conducting an illegal gambling business, one count obstructing a criminal investigation and one count tax fraud conspiracy);

Nicholas Ferriola, the son of deceased “made” member Joseph Ferriola and a member of the South Side/26th Street crew, who assisted Frank Calabrese, Sr.’s participation in the Outfit while Frank Calabrese, Sr., was in jail by keeping him informed of the enterprise’s activities, delivering messages to associates of the enterprise, collecting money generated by extortion demands of Frank Calabrese, Sr., and carrying out other illegal activities of the Outfit, including operating an illegal

sports bookmaking business; (one count extortion and one count conducting an illegal gambling business);

Anthony Doyle, also known as “Twan,” a retired Chicago Police Department officer, who, at the time he was a CPD officer, assisted Frank Calabrese, Sr.’s participation in the Outfit’s activities while Frank Calabrese, Sr., was in jail by keeping him informed of a law enforcement investigation into the murder of John Fecarotta, which was committed by Frank Calabrese, Sr., Nicholas Calabrese and others. Doyle also agreed to pass messages from defendant Frank Calabrese, Sr., in jail to other Outfit members, including messages designed to determine whether Nicholas Calabrese or James DiForti, now deceased, was cooperating with law enforcement about the activities of the enterprise; and

Michael Ricci, also a retired CPD officer, who at the time he was subsequently employed by the Cook County Sheriff’s Department, assisted Frank Calabrese, Sr.’s participation in the Outfit’s activities while Frank Calabrese, Sr., was in jail by agreeing to pass messages from him to other Outfit members, including messages designed to determine whether Nicholas Calabrese or James DiForti was cooperating with law enforcement. Ricci also agreed to assist Frank Calabrese, Sr., collect money generated by extortion demands of Frank Calabrese, Sr., and to provide false information to FBI agents; (one count making false statements to the FBI).

Together with the Marcello brothers, Thomas Johnson, Joseph Venezia and Dennis Johnson, were each charged with one count of conducting an illegal gambling business since 1996, and Venezia and Thomas Johnson were also charged with tax fraud conspiracy. Venezia and both Johnsons were employees of M & M Amusement, Inc., also known as Buff Amusement, Inc., 5533 West 25th St., Cicero, a business owned solely by Michael Marcello that placed and maintained video gambling machines in taverns, restaurants and clubs primarily in Cicero and Berwyn.

The indictment seeks forfeiture of \$10 million in alleged racketeering proceeds from the 11 racketeering conspiracy defendants, and it seeks forfeiture of the business premises of M & M Amusement from the Marcello brothers.

According to the racketeering conspiracy count, the Outfit “existed to generate income for its members and associates through illegal activities,” and it lists 11 illegal activities, including using

murder of Outfit members, associates and others to advance the interests of the Outfit's illegal activities. The conspiracy allegedly extended from the mid-1960s to the present, and included the following murders and attempted murder:

- ◆ Michael Alberg, also known as "Hambone," in or about August, 1970, in Chicago;
- ◆ Daniel Seifert, on or about September 27, 1974, in Bensenville;
- ◆ Paul Haggerty, on or about June 24, 1976, in Chicago;
- ◆ Henry Cosentino, on or about March 15, 1977;
- ◆ John Mendell, on or about January 16, 1978, in Chicago;
- ◆ Donald Renno and Vincent Moretti, on or about January 31, 1978, in Cicero;
- ◆ William and Charlotte Dauber, on or about July 2, 1980, in Will County;
- ◆ William Petrocelli, on or about December 30, 1980, in Cicero;
- ◆ Michael Cagnoni, on or about June 24, 1981, in DuPage County;
- ◆ Nicholas D'Andrea, on or about September 13, 1981, in Chicago Heights;
- ◆ attempted murder of Individual A, on or about April 24, 1982, in Lake County;
- ◆ Richard D. Ortiz and Arthur Morawski, on or about July 23, 1983, in Cicero;
- ◆ Emil Vaci, on or about June 7, 1986, in Phoenix;
- ◆ Anthony and Michael Spilotro, on or about June 14, 1986, in DuPage County;
- ◆ John Fecarotta, on or about September 14, 1986, in Chicago.

The indictment sets forth a detailed overview of the Outfit's structure and chain of command, including that its criminal activities were carried-out by sub-groups or "crews." These crews were

known by their geographic locations in the Chicago area and included the Elmwood Park, the North Side/Rush Street, the South Side/26th Street (or Chinatown), the Grand Avenue, the Melrose Park and the Chicago Heights crews, each run by a leader known as a street boss or “capo.” An individual engaging in illegal activities on behalf of the Outfit who proved himself particularly trustworthy was given special “made” status in the enterprise, but could not normally be “made” unless he was of Italian descent and had committed at least one murder on behalf of the enterprise. An individual had to be sponsored by his capo before he could be “made,” which occurred at a ceremony in which the person to be “made” swore allegiance to the enterprise. An individual who was “made” or who committed a murder on behalf of the Outfit was obligated to the enterprise for life to perform criminal acts when called upon.

As part of the conspiracy, the indictment alleges that at times members of one crew would assist members of other crews in homicides, by conducting surveillance of and luring intended victims so that the victims would not be alerted that they were targeted for murder.

The seven defendants who allegedly committed murder or agreed to commit murder on the Outfit’s behalf are: James Marcello, Lombardo, Frank Calabrese, Sr., Nicholas Calabrese, Schweih, Saladino and Schiro.

In addition to murders and attempted murder, the racketeering conspiracy count alleges that the defendants and others participated in a variety of other criminal activities, including:

- ▶ extorting cash payments from numerous individuals as “street tax” to allow them to operate various businesses;
- ▶ making usurious loans, known as “juice loans.” These loans carried interest rates generally ranging from 1 to 10 percent per week, translating into annual rates of 52 to 520 percent, respectively. In making juice loans, the conspirators relied upon the borrower's understanding that delay or failure to

repay the loans could result in the use of violence or other crimes to harm the borrower, and, in fact, the conspirators used violence, intimidation and threats to collect these debts;

- ▶ conducting, managing and owning all or part of illegal gambling businesses, in violation of Illinois law, including illegal sports bookmaking and video gambling machines. Members and associates of the Outfit collected debts incurred in connection with these illegal gambling businesses;
- ▶ using violence, intimidation and threats to: instill discipline within the Outfit by compelling adherence to its edicts and instructions; and punishing conduct by Outfit members, associates and others, which the Outfit's hierarchy believed was adverse to its interests;
- ▶ obstructing justice by: intimidating, harming and killing witnesses and potential witnesses who could provide information detrimental to the enterprise; providing false information to law enforcement officers; and paying money to individuals to keep them from cooperating with law enforcement officials;
- ▶ using nominees, "fronts," and fictitious names to hide the proceeds of criminal activities;
- ▶ using coded language in conversations and written materials, and using coded names for fellow conspirators and victims of their criminal activities;
- ▶ collecting information from corrupt law enforcement sources to determine and disrupt legitimate law enforcement investigation into the activities of the enterprise;
- ▶ using walkie-talkies and citizen band radios to communicate among themselves while conducting criminal activities, including murder;
- ▶ monitoring law enforcement radio frequencies, and acquiring radio equipment, monitors, and crystals to do so, in order to detect and avoid law enforcement inquiry into their activities, including murder; and conducting surveillance to detect the presence of law enforcement while they and coconspirators were committing illegal activities, including murder;
- ▶ acquiring explosives, explosive devices, detonators, transmitters, and remote control devices with the intent to murder individuals without needing to be in the immediate vicinity of the intended victim; and acquiring and storing firearms to be used to commit murder;

- ▶ maintaining hidden interests in businesses, from which they could receive income not traceable to them;
- ▶ maintaining hidden control of labor organizations and assets, and using the threat of labor union violence or disruptions to induce payments to the enterprise to keep “union peace;” and
- ▶ maintaining written records and ledgers for their loansharking and bookmaking activities.

Other counts of the indictment allege the following crimes:

- between 1998 and at least January 2003, James Marcello and Michael Marcello allegedly obstructed a criminal investigation by paying and causing to be paid a monthly sum of money to and on behalf of Nicholas Calabrese to maintain his allegiance to the Outfit and to prevent and discourage his cooperation with law enforcement authorities;
- between the early 1980s and November 2002, Frank Calabrese, Sr., and Ferriola allegedly extorted street tax from a restaurateur in Chicago;
- between 1992 and 2001, Frank Calabrese, Sr., and Ferriola allegedly conducted an illegal sports bookmaking business;
- in 2001, Schweihs allegedly extorted street tax from an adult entertainment club in a Chicago suburb;
- in 2001, Schweihs allegedly collected a debt through extortion by threatening the use of violence to harm the former owners of an adult entertainment store in Indiana;
- on Feb. 21, 2003, Ricci allegedly lied to FBI agents when he made the following materially false statements:
 - ▶ that he, Doyle, and Frank Calabrese, Sr., never discussed the FBI’s taking possession of evidence regarding the murder of John Fecarotta;
 - ▶ that Frank Calabrese, Sr., never mentioned to him any concern as to whether Nicholas Calabrese was cooperating with law enforcement regarding the Fecarotta murder;

- ▶ that Frank Calabrese, Sr., never asked him to pass any messages to anyone about the Fecarotta homicide;
 - ▶ that Frank Calabrese, Sr., never asked him to pass messages to anyone concerning gambling, street tax, or any other type of criminal activity;
 - ▶ that he did not pass any messages to or from Frank Calabrese, Sr., to or from anyone;
 - ▶ that before his previous interview by FBI agents on May 4, 1999, he had never heard of James DiForti; and
 - ▶ that he had never discussed James DiForti with Frank Calabrese, Sr.
- Between 1996 and April 2004, James Marcello, Michael Marcello, Venezia and Thomas Johnson, through the operation of M & M Amusement, allegedly engaged in a tax fraud conspiracy to obstruct the IRS in the assessment and collection of corporate and individual income taxes. On a weekly basis between January 1996 and November 2003, Michael Marcello allegedly deposited cash into M & M Amusement's bank account, knowing that the deposits did not include a substantial portion of the weekly cash receipts and that M & M Amusement's tax accountant determined company income based upon the amount of the bank deposits. Michael Marcello also allegedly gave his accountant and tax preparer handwritten summary sheets of weekly collections that contained false and inaccurate financial information. As a result, these defendants allegedly caused M & M Amusement to file false S Corporation income tax returns for the years 1996 through 2003, by understating the gross receipts and profits collected from the video gambling machines that M & M Amusement placed and maintained in various west suburban taverns, restaurants and clubs. Michael Marcello also allegedly filed false individual income tax returns for the same years by understating his total income. The defendants also conspired to obstruct the IRS by delivering numerous false IRS Forms 1099 to the owners of the establishments that had video gambling machines by understating their true profits, thus causing them to file false individual and corporate tax returns as well.

On the following dates – Dec. 20, 2002; Jan. 9; Jan. 30; April 14; and May 15, all 2003 – Michael Marcello and James Marcello allegedly had conversations at the Federal Correctional Center at Milan, Mich., in which they discussed the operation of M & M Amusement and an IRS criminal

investigation of video gambling devices in taverns, restaurants and clubs, primarily in Cicero and Berwyn.

The *Operation Family Secrets* investigation results from work that members of the Chicago FBI's Organized Crime Task Force began in the 1980s. The task force was comprised of FBI agents and detectives from the Chicago Police Department. The FBI wishes to give special thanks to Chicago Police Detective Robert S. Moon, who died in November 2004 after a long battle with cancer. The investigation would not have been successful without Detective Moon's hard work and dedication. The FBI also thanks all of the retired task force agents and detectives because the investigation also would not have succeeded without their countless hours of effort.

Valuable assistance was also provided by the following agencies: Federal Bureau of Prisons; Bureau of Alcohol, Tobacco, Firearms and Explosives; Chicago Police Department's Cold Case Squad; Rockford Police Department; Bensenville Police Department; Wood Dale Police Department; Cook County Sheriff's Office; DuPage County Sheriff's Office; Will County Sheriff's Office; the State's Attorney's Offices in Cook, DuPage, Lake and Will counties; Phoenix Police Department; Orange County, Calif., Organized Crime Intelligence Unit; and FBI offices in Phoenix, Miami, Pittsburgh and Detroit.

The government is being represented by Assistant U.S. Attorneys John Scully and Mitch Mars, Chief of the Organized Crime Section.

Upon conviction, the charges contained in the indictment carry the following maximum penalties on each count: racketeering conspiracy, extortion and extortionate collection of credit – 20 years in prison and a \$250,000 fine; conducting an illegal gambling business, obstructing a criminal investigation, tax fraud conspiracy and making false statements to the FBI – 5 years in

prison and a \$250,000 fine. The Court, however, would determine the appropriate sentence to be imposed.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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